

RECORDATION NO. 26627 FILED

OCT 17 '06

2:11 PM

SURFACE TRANSPORTATION BOARD

FIRST UNION RAIL

One O'Hare Centre
6250 River Road, Suite 500
Rosemont, IL 60018-4214



VIA UPS 2nd DAY AIR

October 12, 2006

Mr. Vernon E. Williams
Surface Transportation Board
1925 K Street, N.W., Room 704
Washington, DC 20423-0001
Attn: Recordation of Railroad Equipment

Re: Memorandum of Lease Agreement

Dear Mr. Williams:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are three (3) originals of a Memorandum of Lease Agreement dated September 25, 2006, a primary document as defined in the Board's Rules for the Recordation of Documents. Please file this Memorandum of Lease as a primary document since a Master Lease has not been filed with the Surface Transportation Board. The names and addresses of the parties to the enclosed document are:

Lessor: First Union Rail Corporation
One O'Hare Center
6250 River Road, Suite 5000
Rosemont, IL 60018

Lessee: Catalyst Paper (USA) Inc.
1101 Western Ave., Suite 700
Seattle, WA 98104

A description of the railroad equipment covered by the enclosed document is two hundred (200) 286,000 lb. gross rail loading box cars, with car numbers SRY 9300 to 9499 inclusive.

A short summary of the document to appear in the index follows: Memorandum of Lease

Also enclosed is a check in the amount of \$34.00 payable to the order of the Surface Transportation Board covering the required recordation fee. Kindly return one (1) stamped original of the enclosed document to the undersigned along with the additional copies.

If you have any questions regarding the above-referenced matter, please contact me at (847) 384-5397. Thank you for your cooperation in this matter.

Very truly yours,

Marcia Dunne
Rail Documentation Specialist

Enclosures
(CAPA001)

ASSGN. NO.: CAPA001

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MEMORANDUM OF LEASE

SURFACE TRANSPORTATION BOARD

THIS MEMORANDUM OF LEASE (the "Memorandum") is made and entered into as of this the 25 day of SEPTEMBER, 2006, by and between First Union Rail Corporation ("Lessor"), a North Carolina corporation, and Catalyst Paper (USA) Inc. ("Lessee"), a California corporation.

WITNESSETH:

The undersigned Lessor and Lessee have entered into that certain Lease Agreement (the "Lease"), dated as of September 25, 2006, whereby Lessor has agreed to lease to Lessee certain railcars pursuant to Rider No. 1 to the Lease (the "Rider"), as described in more particular on Exhibit A attached hereto, effective as of September 22, 2006, and subject to the terms, conditions and provisions of the above-mentioned Lease and Rider.

IN WITNESS WHEREOF, the parties hereto have each caused this Memorandum to be duly executed under seal by their respective officers duly authorized as of the date and year first above written.

LESSOR:

FIRST UNION RAIL CORPORATION

ATTEST:

By: Richard F. SeymourName: RICHARD F. SEYMOUR
Vice President Sales & MarketingBy: Susan Grokulska

Title: _____

Name: SUSAN GROKULSKYTitle: MGR. OF DOCUMENTATIONExecuted on this 3rd day of October, 2006.

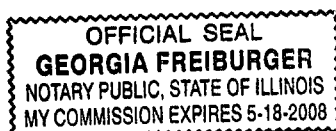
[CORPORATE SEAL]

STATE OF ILLINOISCOUNTY OF COOK

I, GEORGIA FREIBURGER, a Notary Public of the County and State aforesaid, certify that RICHARD F. SEYMOUR personally appeared before me this day and acknowledged his/her due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 3rd day of October, 2006.Georgia Freiburger
Notary Public

My Commission Expires:

5-2008
(Notary Public)

LESSEE:

CATALYST PAPER (USA) INC.

ATTEST:

By: [Signature]

Name: GERRY ROY

Title: DIRECTOR, ORDER
FULFILLMENT & LOGISTICS

[CORPORATE SEAL]

By: [Signature]

Name: RAUPH LORSTON

Title: VP FINANCE, CFO

Executed on this 25th day of September, 2006.

PROVINCE
STATE OF BRITISH COLUMBIA
CITY
COUNTY OF VANCOUVER

I, VALERIE SEAGER, a Notary Public of the Province and City aforesaid, certify that RAUPH LORSTON personally appeared before me this day and acknowledged his/her due execution of the foregoing Memorandum of Lease.

WITNESS my hand and official stamp or seal, this 25th day of September, 2006.

[Signature]
Notary Public

Commission Expires: unlimited

VALERIE SEAGER
(Notary Public)
Barrister & Solicitor
16th Floor, 250 Howe Street
Vancouver, BC V6C 3R8

RIDER NO. 1

EXHIBIT A
to
MEMORANDUM OF LEASE

NUMBER OF CARS: Two hundred (200).

DESCRIPTION OF CARS: 50'6" interior length, Plate F, 286,000 lb. gross rail loading box cars equipped with 10' plug doors and 15" end of car cushioning (AAR Car Type A405).

CAR NUMBERS: SRY 9300 to 9499 inclusive.